

**GOVERNMENT OF INDIA
RAILWAYS
LOK SABHA**

UNSTARRED QUESTION NO:5315

ANSWERED ON:27.04.2015

INVESTMENT IN RAILWAYS

P. Shri Nagarajan

Will the Minister of RAILWAYS be pleased to state:

- (a) whether the Railways have allowed Public Sector Undertakings (PSUs) / Financial Institutions to invest in Railways;
- (b) if so, the details thereof along with the mode of funding, investment, repayment options, etc. ;
- (c) whether the Railways have signed a Memorandum of Understanding (MoU) with PSUs / other Organisations for investment in Railways;
- (d) if so, the details and salient features of the said MoU; and
- (e) the steps taken /being taken by the Railways to augment its resources for speedier execution of railway projects?

Answer

MINISTER OF STATE IN THE MINISTRY OF RAILWAYS (SHRI MANOJ SINHA)

(a) Yes, Madam.

(b) Public Sector Undertakings under the administrative control of the Ministry of Railways are, as per the participative policy of December 2012, allowed to participate in rail connectivity projects by investing 26% as equity under Joint Venture (JV) model. The JVs are allowed 50% of apportioned freight revenue as user charges. IRCON International Limited is participating in two coal connectivity projects in the State of Chattisgarh. Konkan Railway Corporation Limited is participating in rail connectivity to Jaigarh Port and Rail Vikas Nigam Limited is participating in rail connectivity to Dighi Port. Indian Railway Finance Corporation has been investing in rolling stock which are leased to Indian Railways. Debt service requirement against such investments are to be met out of railway revenues.

(c) & (d): Yes, Madam. A Memorandum of Understanding (MOU) has been signed with the Life Insurance Corporation of India (LIC) for funding assistance of Rs.1,50,000 crore over a period of 5 years for financing railway projects. The tenor of the financial assistance is 30 years with 5 years' moratorium for each instalment.

(e) Besides ensuring higher levels of internal generation, budgetary support and Extra Budgetary Resources, Railways are also exploring the possibility of tapping diverse sources of long term funds like pension funds, multilateral and bilateral lending agencies and infrastructure investment funds to augment resources for speedier execution of railway projects. Railways also have plans to set up Joint Ventures (JV) with State Governments for projects to improve rail connectivity. It is also on the anvil to partner with Public Sector Undertakings in sectors like coal, iron and cement to build capacity to transport these critical commodities, and with the Private Sector to improve last mile connectivity, expand the fleet of rolling stock and modernize station infrastructure.